



TOWN OF BARRINGTON

NEW HAMPSHIRE

Office of the Town Administrator

SAU 74 and Town of Barrington Health Insurance Analysis

October 30, 2020

Understanding the financial and economic strain which the COVID-19 pandemic has placed on our community and revenue sources, the Town and the School took a proactive approach to identifying potential cost savings. Financially, the timing of this review is perfect; the upcoming budgets and expected reductions in State aid will put increasing pressure on Barrington taxpayers. Environmentally, the timing is challenging as Town staff, teachers, and school staff are navigating many changes right now while providing services and education during a pandemic.

Nonetheless, the School and Town worked collaboratively over the summer and into the fall, the to secure proposals from the Town and School health insurance providers to evaluate if insuring together (as was done in the past) would introduce any opportunity for financial savings or improved benefits. Proposals were secured from HealthTrust and School Care.

As organizations, School Care and HealthTrust have many similarities. The similarities include their wellness programs and incentives, regular returns of surplus, and tremendous support for members and benefit administrators. HealthTrust offers plans from Anthem Blue Cross Blue Shield and School Care offers plans from Cigna. The plan structures between the two companies are much different. One of the more challenging aspects of comparing School Care and HealthTrust is matching up coverage levels. At their core, School Care and HealthTrust plans offer different coverage. School Care uses coinsurance with a deductible and a lower maximum out of pocket. HealthTrust has plans with no deductible or coinsurance, just copays (AB10); they also offer plans with deductibles, but no coinsurance, just copays (AB15/40IPDED); finally, they offer plans with a deductible and copays, but using certain facilities eliminates the deductible (ABSOS20/401KDED).

When there is little-to-no health utilization, the experience of the covered family is practically the same. When health utilization becomes necessary, School Care seems to put a bigger and more immediate burden on the covered family with the deductible and coinsurance. Alternatively, HealthTrust relies on deductibles and copays, but has higher out-of-pocket maximums. Fortunately, each summary of benefits is required to include standardized examples to demonstrate how much money common life events would cost under each plan type. The images below are the standardized examples from each plan's summary of benefits. It provides three scenarios and demonstrates the cost to the covered family.



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School Care Yellow with Choice Fund

| Peg is Having a Baby (9 months of in-network pre-natal care and a hospital delivery) | | Managing Joe's type 2 Diabetes (a year of routine in-network care of a well-controlled condition) | | Mia's Simple Fracture (in-network emergency room visit and follow up care) | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| ■ The plan's overall deductible | \$1,250 | ■ The plan's overall deductible | \$1,250 | ■ The plan's overall deductible | \$1,250 |
| ■ Specialist coinsurance | 20% | ■ Specialist coinsurance | 20% | ■ Specialist coinsurance | 20% |
| ■ Hospital (facility) coinsurance | 20% | ■ Hospital (facility) coinsurance | 20% | ■ Hospital (facility) coinsurance | 20% |
| ■ Other coinsurance | 20% | ■ Other coinsurance | 20% | ■ Other coinsurance | 20% |
| This EXAMPLE event includes services like: Specialist office visits (<i>prenatal care</i>) Childbirth/Delivery Professional Services Childbirth/Delivery Facility Services Diagnostic tests (<i>ultrasounds and blood work</i>) Specialist visit (<i>anesthesia</i>) | | This EXAMPLE event includes services like: Primary care physician office visits (<i>including disease education</i>) Diagnostic tests (<i>blood work</i>) Prescription drugs Durable medical equipment (<i>glucose meter</i>) | | This EXAMPLE event includes services like: Emergency room care (<i>including medical supplies</i>) Diagnostic test (<i>x-ray</i>) Durable medical equipment (<i>crutches</i>) Rehabilitation services (<i>physical therapy</i>) | |
| Total Example Cost | \$12,800 | Total Example Cost | \$7,400 | Total Example Cost | \$1,900 |
| In this example, Peg would pay: | | In this example, Joe would pay: | | In this example, Mia would pay: | |
| Cost Sharing | | Cost Sharing | | Cost Sharing | |
| Deductibles | \$1,250 | Deductibles | \$1,250 | Deductibles | \$1,250 |
| Copayments | \$0 | Copayments | \$0 | Copayments | \$0 |
| Coinsurance | \$800 | Coinsurance | \$600 | Coinsurance | \$100 |
| What isn't covered | | What isn't covered | | What isn't covered | |
| Limits or exclusions | \$10 | Limits or exclusions | \$200 | Limits or exclusions | \$0 |
| The total Peg would pay is | \$2,060 | The total Joe would pay is | \$2,050 | The total Mia would pay is | \$1,350 |

HealthTrust ABSOS20/401KDED

| Peg is Having a Baby (9 months of in-network pre-natal care and a hospital delivery) | | Managing Joe's type 2 Diabetes (a year of routine in-network care of a well-controlled condition) | | Mia's Simple Fracture (in-network emergency room visit and follow up care) | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| ■ The plan's overall deductible | \$1000 | ■ The plan's overall deductible | \$1000 | ■ The plan's overall deductible | \$1000 |
| ■ Specialist copayment | \$40 | ■ Specialist copayment | \$40 | ■ Specialist copayment | \$40 |
| ■ Hospital (facility) coinsurance | 0% | ■ Hospital (facility) coinsurance | 0% | ■ Hospital (facility) coinsurance | 0% |
| ■ Other coinsurance | 0% | ■ Other coinsurance | 0% | ■ Other coinsurance | 0% |
| This EXAMPLE event includes services like: Specialist office visits (<i>prenatal care</i>) Childbirth/Delivery Professional Services Childbirth/Delivery Facility Services Diagnostic tests (<i>ultrasounds and blood work</i>) Specialist visit (<i>anesthesia</i>) | | This EXAMPLE event includes services like: Primary care physician office visits (<i>including disease education</i>) Diagnostic tests (<i>blood work</i>) Prescription drug Durable medical equipment (<i>glucose meter</i>) | | This EXAMPLE event includes services like: Emergency room care (<i>including medical supplies</i>) Diagnostic tests (<i>x-ray</i>) Durable medical equipment (<i>crutches</i>) Rehabilitation services (<i>physical therapy</i>) | |
| Total Example Cost | \$12,840 | Total Example Cost | \$7,460 | Total Example Cost | \$1,970 |
| In this example, Peg would pay: | | In this example, Joe would pay: | | In this example, Mia would pay: | |
| Cost Sharing | | Cost Sharing | | Cost Sharing | |
| Deductibles | \$1000 | Deductibles | \$234 | Deductibles | \$1009 |
| Copayments | \$80 | Copayments | \$875 | Copayments | \$455 |
| Coinsurance | \$0 | Coinsurance | \$346 | Coinsurance | \$40 |
| What isn't covered | | What isn't covered | | What isn't covered | |
| Limits or exclusions | \$60 | Limits or exclusions | \$55 | Limits or exclusions | \$0 |
| The total Peg would pay is | \$1140 | The total Joe would pay is | \$1510 | The total Mia would pay is | \$1504 |



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HealthTrust AB15/40IPDED

| Peg is Having a Baby (9 months of in-network pre-natal care and a hospital delivery) | | Managing Joe's type 2 Diabetes (a year of routine in-network care of a well-controlled condition) | | Mia's Simple Fracture (in-network emergency room visit and follow up care) | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| ■ The plan's overall deductible | \$1000 | ■ The plan's overall deductible | \$1000 | ■ The plan's overall deductible | \$1000 |
| ■ Specialist copayment | \$40 | ■ Specialist copayment | \$40 | ■ Specialist copayment | \$40 |
| ■ Hospital (facility) coinsurance | 0% | ■ Hospital (facility) coinsurance | 0% | ■ Hospital (facility) coinsurance | 0% |
| ■ Other coinsurance | 0% | ■ Other coinsurance | 0% | ■ Other coinsurance | 0% |
| This EXAMPLE event includes services like: Specialist office visits (<i>prenatal care</i>) Childbirth/Delivery Professional Services Childbirth/Delivery Facility Services Diagnostic tests (<i>ultrasounds and blood work</i>) Specialist visit (<i>anesthesia</i>) | | This EXAMPLE event includes services like: Primary care physician office visits (<i>including disease education</i>) Diagnostic tests (<i>blood work</i>) Prescription drug Durable medical equipment (<i>glucose meter</i>) | | This EXAMPLE event includes services like: Emergency room care (<i>including medical supplies</i>) Diagnostic tests (<i>x-ray</i>) Durable medical equipment (<i>crutches</i>) Rehabilitation services (<i>physical therapy</i>) | |
| Total Example Cost | \$12,840 | Total Example Cost | \$7460 | Total Example Cost | \$1970 |
| In this example, Peg would pay: | | In this example, Joe would pay: | | In this example, Mia would pay: | |
| Cost Sharing | | Cost Sharing | | Cost Sharing | |
| Deductibles | \$1000 | Deductibles | \$100 | Deductibles | \$1046 |
| Copayments | \$70 | Copayments | \$835 | Copayments | \$530 |
| Coinsurance | \$0 | Coinsurance | \$346 | Coinsurance | \$40 |
| What isn't covered | | What isn't covered | | What isn't covered | |
| Limits or exclusions | \$60 | Limits or exclusions | \$55 | Limits or exclusions | \$0 |
| The total Peg would pay is | \$1130 | The total Joe would pay is | \$1336 | The total Mia would pay is | \$1616 |

HealthTrust AB10

| Peg is Having a Baby (9 months of in-network pre-natal care and a hospital delivery) | | Managing Joe's type 2 Diabetes (a year of routine in-network care of a well-controlled condition) | | Mia's Simple Fracture (in-network emergency room visit and follow up care) | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| ■ The plan's overall deductible | \$0 | ■ The plan's overall deductible | \$0 | ■ The plan's overall deductible | \$0 |
| ■ Specialist copayment | \$10 | ■ Specialist copayment | \$10 | ■ Specialist copayment | \$10 |
| ■ Hospital (facility) coinsurance | 0% | ■ Hospital (facility) coinsurance | 0% | ■ Hospital (facility) coinsurance | 0% |
| ■ Other coinsurance | 0% | ■ Other coinsurance | 0% | ■ Other coinsurance | 0% |
| This EXAMPLE event includes services like: Specialist office visits (<i>prenatal care</i>) Childbirth/Delivery Professional Services Childbirth/Delivery Facility Services Diagnostic tests (<i>ultrasounds and blood work</i>) Specialist visit (<i>anesthesia</i>) | | This EXAMPLE event includes services like: Primary care physician office visits (<i>including disease education</i>) Diagnostic tests (<i>blood work</i>) Prescription drugs Durable medical equipment (<i>glucose meter</i>) | | This EXAMPLE event includes services like: Emergency room care (<i>including medical supplies</i>) Diagnostic test (<i>x-ray</i>) Durable medical equipment (<i>crutches</i>) Rehabilitation services (<i>physical therapy</i>) | |
| Total Example Cost | \$12,840 | Total Example Cost | \$7,460 | Total Example Cost | \$1,970 |
| In this example, Peg would pay: | | In this example, Joe would pay: | | In this example, Mia would pay: | |
| Cost Sharing | | Cost Sharing | | Cost Sharing | |
| Deductibles | \$0 | Deductibles | \$0 | Deductibles | \$0 |
| Copayments | \$10 | Copayments | \$50 | Copayments | \$185 |
| Coinsurance | \$0 | Coinsurance | \$0 | Coinsurance | \$0 |
| What isn't covered | | What isn't covered | | What isn't covered | |
| Limits or exclusions | \$60 | Limits or exclusions | \$21 | Limits or exclusions | \$0 |
| The total Peg would pay is | \$70 | The total Joe would pay is | \$71 | The total Mia would pay is | \$185 |



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The above examples (along with reviewing the detailed coverage levels) are helpful to begin comparing the plans side-by-side. Regarding coverage levels, these examples show that the School Care Yellow with Choice Fund is more comparable to the ABSOS20/401KDED or the AB15/40IPDED plans. Although, the examples do not properly contemplate the 'Choice Fund' which would reduce the costs. The School Care Choice Fund is a deductible funding benefit of \$1,000 per person and \$2,000 per family for achieving required wellness tasks.

After identifying comparable plans between School Care and HealthTrust, a cost analysis can be performed. If the Town switched to the School Care Yellow with the Choice Fund, there would be a premium reduction of approximately 2%. As explained above, those savings would come with a dramatic reduction in coverage level (Yellow with Choice Fund compared to AB10). The opportunity for savings if the School switched to HealthTrust could be much higher.

The analysis below uses the School's current enrollment numbers and demonstrates the approximate total premium cost of each plan. The School pays either 92.5% or 95% of their employees' health insurance premiums.

| | Single | 2-Person | Family | |
|---------------------------------|------------|------------|--------------|---------------------|
| Yellow w/Choice Premiums | \$ 847 | \$ 1,694 | \$ 2,287 | |
| Enrollees | 48 | 24 | 48 | Total |
| 100% | \$ 487,872 | \$ 487,872 | \$ 1,317,312 | \$ 2,293,056 |

| | Single | 2-Person | Family | | |
|---------------------------------|------------|------------|--------------|---------------------|----------------------------|
| ABSOS20/401KDED Premiums | \$ 667 | \$ 1,334 | \$ 1,800 | | |
| Enrollees | 48 | 24 | 48 | Total | Change from Current |
| 100% | \$ 384,100 | \$ 384,100 | \$ 1,037,065 | \$ 1,805,265 | \$ 487,791 |

| | Single | 2-Person | Family | | |
|------------------------------|------------|------------|--------------|---------------------|----------------------------|
| AB15/40IPDED Premiums | \$ 712 | \$ 1,424 | \$ 1,922 | | |
| Enrollees | 48 | 24 | 48 | Total | Change from Current |
| 100% | \$ 410,089 | \$ 410,092 | \$ 1,107,245 | \$ 1,927,426 | \$ 365,630 |



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If the School were to switch to HealthTrust AB15/40IPDED, the savings would be nearly 16% or \$365,630 per year. If the School were to switch to HealthTrust ABSOS20/401KDED, the savings would be over 21% or \$487,791 per year. As mentioned above, a replacement for the Choice Fund might need to be considered in order to realize both improved coverage and reduced premiums. Fully funding the existing 'Choice Fund' model would cost approximately \$192,000 per year. If a portion of the premium savings were used to fund all or a portion of the 'Choice Fund', the net savings would still be \$173,630 or \$295,791 per year.

Conclusion

School and Town administration dedicated a tremendous amount of time preparing, reviewing and analyzing the health insurance benefit offered to employees. The health benefit represents nearly 9% of each organization's overall budget. This has been an important exercise in due diligence with the goal of protecting Barrington's tax dollars. Although this analysis attempted to cover the important financial and coverage aspects of health insurance plans, there are many other factors which must be considered prior to making a decision. The Town and School administration agreed to present this information to their respective Boards so they can make informed decisions.